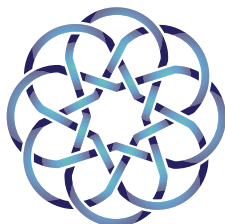


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**力世紀有限公司**  
**WE SOLUTIONS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock code: 860)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 MARCH 2019**

The board (the “Board”) of directors (the “Directors”) of WE Solutions Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 31 March 2019 together with the comparative figures for the corresponding period. The unaudited condensed consolidated interim financial statements for the six months ended 31 March 2019 have been reviewed by our external auditor, Ernst & Young, certified public accountants, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the audit committee (the “Audit Committee”) of the Company.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE SIX MONTHS ENDED 31 MARCH 2019**

		<b>For the six months ended 31 March</b>	
		<b>2019</b>	<b>2018</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>REVENUE</b>	<b>4</b>	<b>281,128</b>	344,123
Cost of sales		<u>(194,100)</u>	<u>(235,441)</u>
Gross profit		<b>87,028</b>	108,682
Other income and gains, net	<b>4</b>	<b>107,319</b>	5,758
Selling and distribution expenses		<b>(24,474)</b>	(29,924)
General and administrative expenses		<b>(73,930)</b>	(117,378)
Research and development costs		<b>(5,353)</b>	(80,191)
Other expenses, net		<b>(114,131)</b>	(27,969)
Finance costs		<b>(1,325)</b>	(2,018)
Share of losses of associates		<u><b>(8,896)</b></u>	<u>(181)</u>
<b>LOSS BEFORE TAX</b>	<b>5</b>	<b>(33,762)</b>	(143,221)
Income tax credit/(expense)	<b>6</b>	<u><b>8,111</b></u>	<u>(4,130)</u>
<b>LOSS FOR THE PERIOD</b>		<u><b>(25,651)</b></u>	<u>(147,351)</u>
Attributable to:			
Owners of the Company		<b>(12,497)</b>	(147,221)
Non-controlling interests		<u><b>(13,154)</b></u>	<u>(130)</u>
		<u><b>(25,651)</b></u>	<u>(147,351)</u>
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	<b>8</b>		
Basic		<u><b>HK(0.20) cent</b></u>	<u>HK(2.54) cents</u>
Diluted		<u><b>HK(2.29) cents</b></u>	<u>HK(2.54) cents</u>

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 MARCH 2019

	For the six months ended 31 March	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>LOSS FOR THE PERIOD</b>	<b><u>(25,651)</u></b>	<b><u>(147,351)</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	45,438	22,449
Reclassification adjustment for a foreign operation disposed of during the period	<u>–</u>	<u>(41)</u>
	45,438	22,408
Share of other comprehensive loss of an associate	<u>(48)</u>	<u>–</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>45,390</u></b>	<b><u>22,408</u></b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<b><u>19,739</u></b>	<b><u>(124,943)</u></b>
Attributable to:		
Owners of the Company	30,806	(124,712)
Non-controlling interests	<u>(11,067)</u>	<u>(231)</u>
	<b><u>19,739</u></b>	<b><u>(124,943)</u></b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 MARCH 2019

		31 March 2019 HK\$'000 (Unaudited)	30 September 2018 HK\$'000 (Audited)
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		136,621	72,151
Investment properties		410,271	441,377
Goodwill		1,519,093	1,485,093
Other intangible assets		32,216	39,471
Interests in associates		18,660	25,884
Financial assets at fair value through profit or loss		1,170,946	780,488
Loans receivable		–	2,049
Deferred tax assets		3,417	–
Deposits		8,716	63,817
Total non-current assets		3,299,940	2,910,330
<b>CURRENT ASSETS</b>			
Inventories		230,461	220,973
Accounts receivable	9	29,992	55,616
Loans receivable		811,770	946,871
Prepayments, deposits and other receivables		94,234	33,813
Financial assets at fair value through profit or loss		2,664	3,547
Tax recoverable		–	445
Cash and cash equivalents		264,035	326,221
Total current assets		1,433,156	1,587,486
<b>CURRENT LIABILITIES</b>			
Accounts payable	10	150,397	112,413
Other payables and accruals		160,658	177,093
Interest-bearing bank borrowings		75,868	39,846
Tax payable		1,632	725
Total current liabilities		388,555	330,077
<b>NET CURRENT ASSETS</b>		1,044,601	1,257,409
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,344,541	4,167,739

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL  
POSITION** *(Continued)*  
31 MARCH 2019

		<b>31 March 2019</b>	30 September 2018
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings		<b>35,405</b>	34,438
Deferred tax liabilities		<b>88,225</b>	98,062
Total non-current liabilities		<b>123,630</b>	132,500
Net assets		<b>4,220,911</b>	4,035,239
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	11	<b>638,784</b>	591,788
Reserves		<b>3,461,559</b>	3,311,035
		<b>4,100,343</b>	3,902,823
<b>Non-controlling interests</b>		<b>120,568</b>	132,416
Total equity		<b>4,220,911</b>	4,035,239

## **NOTES**

### ***FOR THE SIX MONTHS ENDED 31 MARCH 2019***

#### **1. CORPORATE INFORMATION**

WE Solutions Limited was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is located at Units 301 and 302, Third Floor, Building 22E, Phase Three, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong.

#### **2. BASIS OF PREPARATION**

The unaudited condensed consolidated interim financial statements for the six months ended 31 March 2019 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the HKICPA.

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s consolidated financial statements for the year ended 30 September 2018. The unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 September 2018, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA which are effective for the first time for the current period's unaudited condensed consolidated interim financial statements.

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i>
HKFRS 9	<i>Financial Instruments</i>
HKFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i>
Amendments to HKAS 40	<i>Transfers of Investment Property</i>
HK (IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration</i>
<i>Annual Improvements to HKFRSs 2014-2016 Cycle</i>	Amendments to HKFRS 1 and HKAS 28

Other than as explained below regarding the impact of HKFRS 9, HKFRS 15 and amendments to HKFRS 15, the adoption of the above new and revised HKFRSs has had no significant financial effect on the Group's unaudited condensed consolidated interim financial statements.

#### (a) HKFRS 9 *Financial Instruments*

HKFRS 9 replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 October 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

#### **Classification and measurement**

The following information sets out the impacts of adopting HKFRS 9 on the condensed consolidated statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("ECLs").

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 October 2018 is as follows:

	HKAS 39 measurement		ECL HK\$'000	HKFRS 9 measurement	
	Category	Amount HK\$'000		Amount HK\$'000	Category
<b>Financial assets</b>					
Loans receivable	L&R <sup>1</sup>	948,920	(129,965)	818,955	AC <sup>2</sup>
Accounts receivable	L&R	55,616	(2,924)	52,692	AC
Financial assets included in prepayments, deposits and other receivables	L&R	21,309	–	21,309	AC
Financial assets at fair value through profit or loss	FVPL <sup>3</sup>	784,035	–	784,035	FVPL (mandatory)
Cash and cash equivalents	L&R	326,221	–	326,221	AC
		<u>2,136,101</u>	<u>(132,889)</u>	<u>2,003,212</u>	
<b>Other assets</b>					
Deferred tax assets		<u>–</u>	<u>3,417</u>	<u>3,417</u>	
<b>Financial liabilities</b>					
Accounts payable	AC	112,413	–	112,413	AC
Financial liabilities included in other payables and accruals	AC	60,990	–	60,990	AC
Interest-bearing bank borrowings	AC	<u>74,284</u>	<u>–</u>	<u>74,284</u>	AC
		<u>247,687</u>	<u>–</u>	<u>247,687</u>	

<sup>1</sup> L&R: Loans and receivables

<sup>2</sup> AC: Financial assets or financial liabilities at amortised cost

<sup>3</sup> FVPL: Financial assets at fair value through profit or loss



## Impairment

The following table reconciles the aggregate opening impairment allowances under HKAS 39 to the ECL allowances under HKFRS 9.

	Impairment allowances under HKAS 39 at 30 September 2018 HK\$'000	Re-measurement HK\$'000	ECL allowance under HKFRS 9 at 1 October 2018 HK\$'000
Loans receivable	–	129,965	129,965
Accounts receivable	1,140	2,924	4,064
	<u>1,140</u>	<u>132,889</u>	<u>134,029</u>

## Impact on accumulated losses

The impact of transition to HKFRS 9 on accumulated losses is as follows:

	Accumulated losses HK\$'000
Balance as at 30 September 2018 under HKAS 39	(2,144,667)
Recognition of expected credit losses for loans receivable and accounts receivable under HKFRS 9	(132,889)
Deferred tax in relation to the above	<u>3,417</u>
Balance as at 1 October 2018 under HKFRS 9	<u>(2,274,139)</u>

## (b) HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 October 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 18 and related interpretations.

Except for the reclassification as set out below, the adoption of HKFRS 15 and amendments of HKFRS 15 has had no significant material financial effect on the Group's unaudited condensed consolidated interim financial statements.

#### **Consideration received from customers in advance**

Before the adoption of HKFRS 15, the Group recognised consideration received from customers in advance as other payables. Under HKFRS 15, the amount is classified as contract liabilities which is included in other payables and accruals. Therefore, upon adoption of HKFRS 15, the Group reclassified HK\$81,496,000 from other payables to contract liabilities as at 1 October 2018 in relation to the consideration received from customers in advance as at 1 October 2018.

#### **4. REVENUE, OTHER INCOME AND GAINS, NET**

The Group's revenue is disaggregated as follows:

	<b>For the six months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue from contracts with customers</b>		
Sale of jewellery products and watches	<b>222,273</b>	291,008
Provision of engineering services	<b>3,056</b>	3,692
	<b>225,329</b>	294,700
<b>Revenue from other sources</b>		
Interest income from loan financing	<b>39,429</b>	32,670
Rental income from investment properties	<b>16,370</b>	16,753
	<b>281,128</b>	344,123

An analysis of the Group's other income and gains, net, is as follows:

	<b>For the six months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other income</b>		
Bank interest income	227	12
Marketing subsidies	12,714	–
Repair and maintenance income	465	1,534
Others	2,421	2,531
	<u>15,827</u>	<u>4,077</u>
<b>Gains, net</b>		
Foreign exchange gains, net	3,392	–
Gain on disposal of a subsidiary	–	1,681
Fair value gains on financial assets at fair value through profit or loss, net	88,100	–
	<u>91,492</u>	<u>1,681</u>
	<u><u>107,319</u></u>	<u><u>5,758</u></u>

## 5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	<b>For the six months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Cost of inventories sold	182,740	227,462
Write-down of inventories to net realisable value	6,394	–
Impairment of loans receivable	49,788	–
Impairment of other receivables	14,724	–
Impairment of other intangible assets	6,000	–
Fair value losses/(gains) on financial assets at fair value through profit or loss, net	(88,100)	23,121
	<u><u>(88,100)</u></u>	<u><u>23,121</u></u>

## 6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 31 March 2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the relevant countries/jurisdictions in which the Group operates.

	<b>For the six months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current:		
Hong Kong		
Charge for the period	<b>2,136</b>	2,002
Underprovision in prior periods	<b>1,109</b>	–
Elsewhere		
Charge for the period	<b>1,235</b>	2,128
Overprovision in prior periods	<b>(476)</b>	–
Deferred	<b>(12,115)</b>	–
Total tax charge/(credit) for the period	<b><u>(8,111)</u></b>	<b><u>4,130</u></b>

## 7. DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 31 March 2019 (six months ended 31 March 2018: Nil).

## 8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 6,220,833,963 (six months ended 31 March 2018: 5,802,557,913) in issue during the period.

The calculation of the diluted loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company, adjusted for the effect of dilutive potential ordinary shares arising from adjustment to the share of loss of an associate. The weighted average number of ordinary shares used in the calculation of the diluted loss per share amounts is the number of ordinary shares in issue during the period, as used in the basic loss per share calculation, as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted loss per share are based on:

	<b>For the six months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
<b>Loss</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Loss attributable to ordinary equity holders of the Company, used in the basic loss per share calculation	(12,497)	(147,221)
Effect of dilutive potential ordinary shares arising from adjustment to the share of loss of an associate	<u>(129,676)</u>	<u>–</u>
Loss attributable to ordinary equity holders of the Company, used in the diluted loss per share calculation	<u><u>(142,173)</u></u>	<u><u>(147,221)</u></u>
<b>Shares</b>	<b>Number of shares For the six months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	<u><u>6,220,833,963</u></u>	<u><u>5,802,557,913</u></u>

## 9. ACCOUNTS RECEIVABLE

	<b>31 March 2019 HK\$'000 (Unaudited)</b>	<b>30 September 2018 HK\$'000 (Audited)</b>
Accounts receivable	<b>33,187</b>	56,756
Impairment	<b>(3,195)</b>	(1,140)
	<b><u>29,992</u></b>	<b><u>55,616</u></b>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance may be required. The credit period is generally one month, extending up to three months or more for certain customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

An ageing analysis of the accounts receivable as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>31 March 2019 HK\$'000 (Unaudited)</b>	<b>30 September 2018 HK\$'000 (Audited)</b>
Within 30 days	<b>24,496</b>	43,801
31 to 60 days	<b>1,755</b>	5,626
61 to 90 days	<b>1,836</b>	2,321
Over 90 days	<b>1,905</b>	3,868
	<b><u>29,992</u></b>	<b><u>55,616</u></b>

## 10. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable as at the end of the reporting period, based on the invoice date, is as follows:

	<b>31 March 2019 HK\$'000 (Unaudited)</b>	<b>30 September 2018 HK\$'000 (Audited)</b>
Within 30 days	<b>69,715</b>	54,404
31 to 60 days	<b>69,706</b>	24,031
61 to 90 days	<b>3,185</b>	26,748
Over 90 days	<b>7,791</b>	7,230
	<b><u>150,397</u></b>	<b><u>112,413</u></b>

The accounts payable are non-interest-bearing and are normally settled on terms ranging from 30 to 120 days.

## 11. ISSUED CAPITAL

	<b>31 March 2019 HK\$'000 (Unaudited)</b>	<b>30 September 2018 HK\$'000 (Audited)</b>
Authorised: 10,000,000,000 ordinary shares of HK\$0.1 each	<b><u>1,000,000</u></b>	<b><u>1,000,000</u></b>
Issued and fully paid: 6,387,846,562 (30 September 2018: 5,917,885,386) ordinary shares of HK\$0.1 each	<b><u>638,784</u></b>	<b><u>591,788</u></b>

A summary of movements in the Company's issued share capital during the period is as follows:

	<b>Number of ordinary shares in issue '000</b>	<b>Issued capital HK\$'000</b>
At 1 October 2018	5,917,886	591,788
Issue of shares ( <i>notes (a) and (b)</i> )	<u>469,961</u>	<u>46,996</u>
At 31 March 2019	<u><u>6,387,847</u></u>	<u><u>638,784</u></u>

*Notes:*

- (a) On 31 October 2018, 137,360,000 ordinary shares of the Company of HK\$0.1 each were allotted and issued at a subscription price of HK\$0.91 per Share to TOM Group Limited ("TOM") (Stock Code: 2383) in exchange for the subscription of 65,240,000 ordinary shares of TOM at a subscription price of HK\$1.916 per share of TOM, with the difference in subscription considerations of HK\$2,000 being paid by the Group to TOM.
- (b) On 19 December 2018, 332,601,176 ordinary shares of the Company of HK\$0.1 each were allotted and issued at a subscription price of HK\$0.51 per share to certain subscribers for a total cash consideration, before expenses, of HK\$169,627,000.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INDUSTRY OVERVIEW**

The automotive industry has been undergoing rapid changes. The conventional automotive industry is now in direct and indirect competition with outsourced technology solutions providers across industry sectors, such as software, hardware, semiconductors, telecom as well as a considerable number of start-up companies focusing on technology solutions. Strategic partnerships between automakers and technology solutions providers have been on the rise to take advantages of diversification, technological advances and specialization of skills. During the first half of 2019, there had been constant disruptions to conventional automaker market by global autonomous solutions providers such as Google Waymo and Intel.

With branding becoming the key ingredient of success, brand management has become the key focus of large corporations. Outsourcing has become a global trend in many industries, while the focuses are also on brand building, improving efficiency and cost saving policies and shortening the consumer purchase cycle. Industries such as fashion, accessories, jewellery, cosmetics, consumer electronic products, etc., have long moved towards this model. This market phenomenon also emerged in the automotive industry, with an increasing number of automotive companies outsourcing various functions including the design, research and development, computer-aided design engineering, manufacturing and assembly of cars to full-service vehicle suppliers (“FSV(s)”). With various FSVs developing a specific part and their diverse method of producing niche manufacturing processes, automotive companies can produce high-tech and good quality vehicles in an economy of scale. The global automotive industry will also be moving towards a similar direction, especially where it is expected that electric vehicles (“EV(s)”) will eventually become the mainstream product in the automotive market, having less parts (an average of 15,000 parts as compared with average of 38,000 parts of internal combustion engine (“ICE”) vehicles) and more electronic/technology/software-based onboard functions. This indicates that the business model of spending huge capital and significant time on research and development for just one particular vehicle model is becoming obsolete.

Original equipment manufacturers (“OEM(s)”) in the People’s Republic of China (the “PRC”) still rely heavily on “in-house” research and development, and the manufacturing and assembly of vehicles. Only manufacturers who are willing to enter into joint ventures with foreign car makers reap the benefits of access to more advanced technologies which are not seen or used elsewhere in the PRC. In the past, some OEMs in the PRC spent a huge amount of capital to outsource the whole car making process, from initial design to manufacturing prototypes, to FSVs in other countries.

On the other hand, the global sales of EVs have continued to experience strong growth, with EV sales out of total vehicle sales in terms of percentage increasing in major markets, such as the PRC, Europe and North America. From January to December 2018, the sales volume of new energy vehicles (“NEV(s)”) in the PRC reached 1,256,000 units, representing an increase of approximately 61.7% year-on-year. According to the International Energy Agency, approximately 56% of the global plug-in EV sales (including battery electric vehicles and plug-in hybrid electric vehicles) in 2018 were in the PRC, making it the largest EV market in the world. Bloomberg New Energy Finance estimates that the global annual EV sales units will increase from approximately 1.1 million in 2017 to approximately 11 million in 2025, and further increase to approximately 30 million in 2030, while the PRC will maintain its share of the global EV sales at more than 50% from now to 2025 and continue to lead the global EV transition. These statistics indicate significant room for further growth in both the global and the PRC’s EV markets.

The rapid growth of EV ownership underpins the growth potential of charging facilities in the PRC. According to data from the China Electric Vehicle Charging Infrastructure Promotion Alliance, as of March 2019, there were 383,571 public chargers in the PRC. In the next few years, the construction of charging piles will continue to accelerate to support the development of NEVs in the fields of public transport, logistics operators and private car owners. Despite the rising number of charging piles in the PRC, the growth of charging piles is still lagging behind that of NEV, which implies a huge gap of unmet demand. Charging facilities in the PRC have been increasing steadily, and the growth is expected to accelerate with PRC governmental support. The “EV charging infrastructure development guidelines (2015–2020)” released by the PRC government states that the country aims to build approximately 12,000 centralized charging stations and approximately 4.8 million decentralized charging piles before 2020.

These challenges in the industry have given the Group a competitive advantage over other players in the market as the Group re-brands itself to become the first and foremost NEV solutions provider to provide first-tier specialised and outsourced services in the PRC, Southeast Asia, and across Europe and America.

## **BUSINESS REVIEW**

Towards the end of 2018, the Group embarked on expanding its business through a series of ground-breaking and innovative initiatives, which are taking place in 2019. The Group has also strengthened its shareholder base, integrated the domestic and overseas resources, and strived to strengthen its position in the industry.

As the PRC government is committed to battling climate change, there are now more stringent requirements for people applying ICE licence plates in cities like Shanghai and Beijing; whereas support and incentives for the EV's OEMs are tightening and will eventually be phased out by 2020. With the rapid development of the EV industry both in the PRC and the rest of the world, the group grasped the opportunity to realign its focus, not only in the EV market but also in other areas of future mobility, which places the Group at the forefront of advanced technology to achieve its goal of being a market leader in the industry. This was achieved by demonstrating its capabilities in re-building itself as a NEV solutions provider, the first and foremost with such a scale to provide a “One-Stop-Shop” service to all OEMs in the PRC and the rest of the world.

During the six months ended 31 March 2019 (the “Reviewing Period”) and subsequent thereto, the Group had a number of milestone investments and acquisitions and explored potential business partnerships to further progress its comprehensive EV value chain strategy.

### **Further Investment in EV Power**

In addition to a number of ordinary shares and preferred shares (“EV Power Preferred Shares”) of EV Power Holding Limited (“EV Power”) acquired by the Group in March, April and August 2018, the Group further acquired 60,615,566 EV Power Preferred Shares in aggregate in October 2018 and February 2019. EV Power and its subsidiaries are principally engaged in the provision of EV charging solutions and standards in Hong Kong and the PRC. The investment in EV Power represents an opportunity to contribute to sustainable growth for the Group and to continue its business strategy of becoming a leading investor in the EV industry in the PRC. The investment in EV Power has the potential to create

substantial synergies with the Company's EV manufacturing and engineering service provided by the Group. As at the date of this announcement, the Group holds approximately 37.96% interest in the issued share capital of EV Power.

### **Strategic Partnership with Agile Group Holdings Limited (stock code: 3383) (“Agile Group”)**

On 8 May 2019, the Group and Agile Property Land Co., Ltd. (a wholly-owned subsidiary of Agile Group, “Agile Property”) entered into a non-legally binding cooperation framework agreement, pursuant to which the Company and Agile Property are expected to engage in the proposed cooperation (the “Proposed Cooperation”) for the production, research and development of NEV-related technology and products in the PRC (the “Project”). Leveraging on the Group's expertise on the NEV-related supply chain as well as Agile Property's network and experience in the property market in the PRC, the parties are expected to utilize their expertise and resources to support the Project and to successfully implement the Project. Further details of in relation to, inter alia, the Proposed Cooperation are set out in the announcement of the Company dated 8 May 2019.

### **Proposed Acquisition of 40% of Apollo, an European Hypercar Manufacturer**

On 16 May 2019, the Group entered into a sale and purchase agreement (the “S&P Agreement”) with Ideal Team Ventures Limited (the “Vendor”), pursuant to which the Group conditionally agreed to purchase and the Vendor conditionally agreed to sell 40% of the total issued share capital of Sino Partner Global Limited (the “Target Company”), which is principally engaged in the design, development, manufacturing and sales of high performance hypercars under the brand “Apollo” worldwide (the “Proposed Acquisition”). The Proposed Acquisition provides an opportunity for the Group to strengthen its strategy of becoming a world leading solutions provider in NEV and generally in the automotive industry, and to create substantial synergies with the Group's other investments in the automobile business.

The completion of the Proposed Acquisition is conditional upon fulfillment of several conditions including, among other things, the shareholders of the Company approving the specific mandate for the issue of ordinary shares (“Share(s)”) in the share capital of the Company (as part of the consideration) at an extraordinary general meeting of the Company (the “EGM”). Further details in relation to, inter alia, the Proposed Acquisition are set out in the announcement of the Company dated 16 May 2019.

## PROSPECTS AND OUTLOOK

More than a year after various acquisitions and strategic initiatives, the Board believes the Group has not only successfully diversified into providing EV solutions and services, but also a global NEV full solutions provider across the globe. Since the Group has been benefitting from the steady development of the economy in the PRC, the gradual increase of public awareness of environmental protection, as well as the growing demand for EVs, we aim to make more contributions to the EV industry and environmental protection in the future. The Group believes that its domestic and overseas investments and acquisitions will have significant synergistic and complementary effects.

The NEV industry in the PRC, which is supported by the PRC government and increasing its environmental awareness, has a promising outlook. The Group has strong support from the shareholders of the Company and is backed by numerous commercial investments. By leveraging the rising trend of growing sale and demand of NEVs in the PRC, the Group strives to continuously seek opportunities to build a comprehensive EV value chain and to become a world leading integrated EV technology solutions provider.

During the Reviewing Period, the Group experienced average performance in the other business segments. As the challenging economic conditions in the PRC and Hong Kong are expected to last a while, the Group will adopt stringent cost control measures, employ appropriate strategies to further diversify its source of income and actively explore new business opportunities to cope with the existing market environment.

In the second half of 2019, the Group will be heavily engaged in “re-branding” and various aspects of the future mobility solutions’ market. The Group will also aim to complete a number of new milestone investments and acquisitions that will bring a considerable revenue surge into the Group. Furthermore, the Group will keep exploring potential business partnerships to further progress its comprehensive future mobility strategy.



## FINANCIAL REVIEW

For the six months ended 31 March 2019, the revenue of the Group decreased by 18.3% to approximately HK\$281.1 million as compared to approximately HK\$344.1 million in the corresponding period of last year. The revenue comprised of sales of jewellery products and watches of approximately HK\$222.3 million (six months ended 31 March 2018: HK\$291.0 million), provision of engineering services of approximately HK\$3.1 million (six months ended 31 March 2018: HK\$3.7 million), interest income from loan financing of approximately HK\$39.4 million (six months ended 31 March 2018: HK\$32.7 million) and rental income from investment properties of approximately HK\$16.4 million (six months ended 31 March 2018: HK\$16.8 million). During the Reviewing Period, the Group experienced a decrease in sales from the jewellery and watch segment as the retail market condition remained challenging.

The Group's gross profit amounted to approximately HK\$87.0 million for the Reviewing Period as compared to approximately HK\$108.7 million for the corresponding period of last year. The decrease in gross profit was mainly attributable to the lackluster performance in the jewellery and watch business in the Reviewing Period. The gross profit margin slightly decreased to 31.0% for the Reviewing Period (six months ended 31 March 2018: 31.6%).

Other income and gains, net increased to approximately HK\$107.3 million (six months ended 31 March 2018: HK\$5.8 million) mainly due to fair value gains recorded on financial assets at fair value through profit or loss.

General and administrative expenses decreased by 37.0% to approximately HK\$73.9 million (six months ended 31 March 2018: HK\$117.4 million) as less share-based payment expense was recorded in Reviewing Period.

Research and development costs decreased to approximately HK\$5.4 million (six months ended 31 March 2018: HK\$80.2 million) as the Group strategically re-allocated resources to more promising projects during the Reviewing Period.

Other expenses increased to approximately HK\$114.1 million (six months ended 31 March 2018: HK\$28.0 million) mainly due to impairment of loans receivable and changes in fair value of investment properties.

Overall, the loss attributable to shareholders of the Company for the Reviewing Period was reduced to approximately HK\$12.5 million, as compared to approximately HK\$147.2 million for the corresponding period of last year due to the reasons as explained above.

## **Liquidity, Financial Resources and Gearing**

As at 31 March 2019, the Group's non-current financial assets at fair value through profit or loss amounted to approximately HK\$1,170.9 million (30 September 2018: HK\$780.5 million). The increase was mainly attributable to (i) acquisition of EV Power Preferred Shares amounting to approximately HK\$176.5 million; (ii) acquisition of ordinary shares of TOM amounting to approximately HK\$125.0 million; and (iii) fair value gains, net on certain financial assets at fair value through profit or loss with an aggregate amount of approximately HK\$88.9 million during the Reviewing Period.

As at 31 March 2019, the cash and cash equivalents of the Group amounted to approximately HK\$264.0 million (30 September 2018: HK\$326.2 million), which were mainly denominated in HK\$, Renminbi ("RMB") and Japanese Yen.

The total current assets and total current liabilities of the Group at 31 March 2019 were approximately HK\$1,433.2 million and HK\$388.6 million, respectively (30 September 2018: total current assets of HK\$1,587.5 million and total current liabilities of HK\$330.1 million). The Group's net current assets at 31 March 2019 comprised of inventories of approximately HK\$230.5 million (30 September 2018: HK\$221.0 million), accounts receivable, prepayments, deposits and other receivables of approximately HK\$124.2 million (30 September 2018: HK\$89.4 million), loans receivable of approximately HK\$811.8 million (30 September 2018: HK\$946.9 million) and financial assets at fair value through profit or loss of approximately HK\$2.7 million (30 September 2018: HK\$3.5 million).

The Group's inventory turnover, accounts receivable turnover and accounts payable turnover periods were 212 days, 28 days and 124 days respectively. The turnover ratios were consistent and complied with the respective policies of the Group on credit terms granted to customers and credit terms obtained from suppliers.

During the Reviewing Period, the Group financed its operations and investment activities through a combination of (i) equity financing; (ii) operating cash inflows; and (iii) interest-bearing bank borrowings. As at 31 March 2019, equity attributable to owners of the Company amounted to approximately HK\$4,100.3 million (30 September 2018: HK\$3,902.8 million).

The Group's total interest-bearing bank borrowings as at 31 March 2019 amounted to approximately HK\$111.3 million (30 September 2018: HK\$74.3 million) were mainly in RMB and Japanese Yen. The interest-bearing bank borrowings were mainly used for working capital purpose and all of which are at commercial lending variable interest rates.

The Group monitors capital on the basis of the gearing ratio. As at 31 March 2019, the gearing ratio was approximately 2.6% (30 September 2018: 1.8%). This ratio is calculated as total interest-bearing bank borrowings divided by total equity.

### **Capital Management**

The Group's objectives when managing capital are to ensure that members of the Group will be able to continue as a going concern while maximizing the return to shareholders of the Company through the optimization of its debt and equity ratio. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Company will balance its overall capital structure through the payment of dividends and new share issues as it sees fit and appropriate.

During the six months ended 31 March 2019, the Group had not entered into any contract to hedge its the financial interests.

### **Foreign Exchange Exposure**

The Group's sales and purchases during the six months ended 31 March 2019 were mostly denominated in HK\$, RMB and United States dollars. The Group was exposed to certain foreign currency exchange risks, but it does not anticipate future currency exchange rates fluctuations to cause material operational difficulties or liquidity problems. However, the Group continuously monitors its foreign exchange position and, when necessary, will hedge foreign exchange exposure arising from contractual commitments in sourcing products from overseas suppliers.



## **Events After the Reporting Period**

### *Subscription of Shares and Proposed Cooperation*

On 8 May 2019, the Company and Great Dawn Investments Limited (an indirect wholly-owned subsidiary of Agile Group, the “Subscriber”) entered into a subscription agreement (the “Subscription Agreement”), pursuant to which the Subscriber agreed to subscribe for, and the Company agreed to allot and issue to the Subscriber, an aggregate of 400,000,000 new Shares at the subscription price of HK\$0.51 per Share (the “Subscription”).

On the same date, the Group and Agile Property entered into a non-legally binding cooperation framework agreement, pursuant to which the Company and Agile Property are expected to engage in the Proposed Cooperation for the production, research and development of NEV-related technology and products in the PRC.

The Subscription was completed on 15 May 2019. Further details in relation to the Subscriber and the Proposed Cooperation are set out in the announcement of the Company dated 8 May 2019.

### *Acquisition of 40% of Apollo and Provision of the Shareholder’s Loan*

On 16 May 2019, the Group entered into the S&P Agreement with the Vendor, pursuant to which the Group conditionally agreed to purchase and the Vendor conditionally agreed to sell 40% of the total issued share capital of the Target Company, which is principally engaged in the design, development, manufacturing and sales of high performance hypercars under the brand “Apollo” worldwide.

The aggregate consideration for the Proposed Acquisition of up to approximately HK\$480,000,000 comprises a cash consideration of HK\$100,000,000 (which will be funded by the Group’s internal resources) and, depending on the financial performance of the Target Company and its subsidiaries for the three years ending 31 December 2021, up to 730,772,000 Shares (the “Consideration Shares”) to be issued and allotted to the Vendor.

Pursuant to the S&P Agreement, the Company agreed to lend to the Target Company a shareholder’s loan in an aggregate amount of HK\$200,000,000 (the “Shareholder’s Loan”) after completion of the Proposed Acquisition and before the issue and allotment of the Consideration Shares (if any).

The completion of the Proposed Acquisition is conditional upon fulfillment of several conditions including, among other things, the shareholders of the Company having approved the specific mandate for the issue of Consideration Shares at the EGM.

Further details in relation to, inter alia, the Proposed Acquisition and provision of the Shareholder's Loan are set out in the announcement of the Company dated 16 May 2019.

### **Material Acquisitions or Disposals**

Save as disclosed in this announcement, there was no other material acquisition or disposal of subsidiaries, associates or joint ventures by the Group for the six months ended 31 March 2019.

## Issue of Listed Securities of the Company and Use of Proceeds

A summary of the issue of listed securities by the Company during the Reviewing Period and the relevant use of proceeds is set out below:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Date of completion	Actual use of proceeds
12 October 2018	Issue of 137,360,000 Shares at HK\$0.91 each under a general mandate	Approximately HK\$125 million	The Company intended to use the net proceeds to set off against the consideration for the subscription by the Company of 65,240,000 ordinary shares of HK\$0.10 each in the share capital of TOM	31 October 2018	Fully utilized as intended
7 December 2018	Issue of 332,601,176 Shares at HK\$0.51 each under a general mandate	Approximately HK\$169 million	The Company intended to use the net proceeds for the following purposes: (1) approximately 90%, representing approximately HK\$152 million, would be used for future potential acquisition or investment in EV-related businesses or technologies; and (2) approximately 10%, representing approximately HK\$17 million, would be used for general working capital	19 December 2018	(1) Approximately 62% had been utilized for investment in EV-related businesses or technologies; and (2) approximately 10% had been utilized for general working capital

Save as disclosed above, there was no other issue of listed securities of the Company for the six months ended 31 March 2019.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save as disclosed in this announcement, there was no specific plan for material investments or capital assets as at 31 March 2019.

## **EMPLOYEES AND EMPLOYMENT POLICIES**

As at 31 March 2019, the Group had 245 employees (30 September 2018: 240). The related employees' costs for the Reviewing Period (including director's remuneration) amounted to approximately HK\$36.0 million (six months ended 31 March 2018: HK\$78.8 million). In addition to basic salary, employees are entitled to other benefits including social insurance contribution, employee provident fund schemes and share option scheme of the Company. The remuneration of employees was in line with market trend and with reference to the market rate and the performance of individual employees, which are regularly reviewed each year.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the six months ended 31 March 2019.

## **CORPORATE GOVERNANCE**

During the six months ended 31 March 2019, the Company has complied with the applicable code provisions set out in the Corporate Governance Code (the "Code") as stated in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code (the "Model Code") as set out in Appendix 10 of the Listing Rules regarding securities transactions by the Directors. Following specific enquiry by the Company, all Directors confirmed that they have fully complied with the Model Code during the six months ended 31 March 2019.

## AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the Code.

As at the date of this announcement, the Audit Committee consists of the following members, all being independent non-executive Directors:

Mr. Teoh Chun Ming (*Chairman*)

Mr. Tam Ping Kuen, Daniel

Mr. Peter Edward Jackson

The primary responsibilities of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Company's financial controls, internal control and risk management systems, to review and monitor the effectiveness of the audit process and to perform other duties and responsibilities as assigned by the Board. The Audit Committee has reviewed and discussed the interim results of the Group for the six months ended 31 March 2019 and this announcement.

## INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended 31 March 2019 (six months ended 31 March 2018: Nil).

## APPRECIATION

On behalf of the Board, I would like to express our appreciation to all our management and staff members for their ongoing contribution and hard work. We would also like to thank our shareholders for their continuing support.

On behalf of the Board  
**WE Solutions Limited**  
**Ho King Fung, Eric**  
*Chairman*

Hong Kong, 28 May 2019

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Ho King Fung, Eric (Chairman) and Mr. Sung Kin Man; one non-executive Director, namely Mr. Zhang Jinbing (Co-Chairman); and three independent non-executive Directors, namely Mr. Tam Ping Kuen, Daniel, Mr. Teoh Chun Ming and Mr. Peter Edward Jackson.*